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February 27, 2020

Maryland General Assembly  
House Ways and Means Committee

**Re: COST's Encourages Amendments to House Bill 932, 21st-Century Economy Sales Tax Act**

Dear Chair Kaiser, Vice Chair Washington, and Members of the Committee:

Thank you on behalf of the Council On State Taxation (COST) for the opportunity to provide comments on House Bill 932 (H.B. 932), the 21st-Century Economy Sales Tax Act, which would subject certain digital products to Maryland sales and use tax. Although COST does not take a position with respect to whether digital goods and services should or should not be subject to sales and use tax by a state for non-business consumers, COST urges this Committee to amend H.B. 932 so that its definitions and rules are consistent with the Streamlined Sales and Use Tax Agreement (SSUTA).

**About COST**

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 550 major corporations engaged in interstate and international business. COST's objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multijurisdictional business entities.

**Uniformity is Essential When Imposing Tax on Digital Products**

COST has long advocated for simplification and uniformity in state sales and use tax systems. Uniformity is essential to substantially reducing the burden of tax compliance and improving sales and use tax administration. To that end, to the extent the General Assembly intends to impose sales and use tax on new products, we encourage using the SSUTA definitions and sourcing rules.<sup>1</sup> Specifically, adopting the "specified digital products" definition and general sourcing rules will create more certainty over sales and use tax imposition and alleviate some of the risks of multiple taxation.

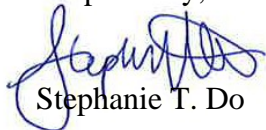
Compliance with the SSUTA will also alleviate potential roadblocks to Maryland's membership in the SSUTA if the General Assembly chooses to do so in the future.

<sup>1</sup> The Agreement is available at: <http://www.streamlinedsalestax.org/index.php?page=modules>.

**Conclusion**

Thank you for the opportunity to provide comments, and please do not hesitate to contact me if you have any questions or if you would like to discuss COST's comments further.

Respectfully,

  
Stephanie T. Do

cc: COST Board of Directors  
Douglas L. Lindholm, COST President & Executive Director